

Autumn Statement 2015

**Key points summary of the
Autumn Statement &
Spending Review**

25 November 2015



Autumn Statement 2015

On Wednesday 25 November 2015, the Chancellor of the Exchequer, George Osborne, delivered his first Autumn Statement as Chancellor of a Conservative government. He said:

"Today's spending review will deliver economic and national security – the foundations for everything we do."

To help you understand the key points of the Autumn Statement, we've put together this summary document outlining some of the changes which may impact you and your plans for your future financial ambitions.

We understand you may be concerned about the impact of some of these changes on your personal financial plans and ambitions. Please contact your Premier Relationship Manager or any HSBC branch if you have any questions.

Key changes

1. Personal taxes
 - a) Income tax and Capital Gains Tax
 - b) Pension tax
 - c) Inheritance tax
 - d) Other taxes
2. Home Ownership
3. Employment and Education
4. Income tax rates and allowances
5. Capital taxes rates and allowances

Section 1 – Personal Taxes

a) Income tax and Capital Gains Tax (CGT)

It was announced that there will be significant investment in HMRC systems in order to give individuals and small businesses access to digital tax accounts by 2016/2017. This should provide them with a more convenient real-time view of their tax affairs, providing them with greater certainty about the tax they owe.

Personal allowances

- The personal allowance rate was confirmed at £11,000 for 2016/17.
- The basic rate band was confirmed at £32,000 for 2016/17.
- The higher rate band was confirmed at £43,000 for 2016/17.

National Living Wage

- There was confirmation of the Summer Budget announcement of an increase in the National Living Wage to £7.20 from April 2016 for workers aged 25 and above.

Starting rate for savings

- The band of savings income that is subject to 0% starting rate was confirmed to be remaining at £5,000 for 2016/17.

ISA subscriptions

- The individual ISA limit for 2016/17 to remain at £15,240. This can be split between cash and stocks and shares ISAs, and from 6 April 2016, the Innovative Finance ISA, in any amounts.
- Junior ISA and Child Trust Fund limits will also remain as previously announced at £4,080.

ISA tax advantages after death

- A measure is to be introduced in 2016 to allow the ISA savings of a deceased person to continue to benefit from tax advantages during the administration of the estate. This is in addition to the Spousal Inheritance (Additional Permitted Subscription) regulations for ISAs which were introduced in April 2015.

Simplification of Employee Share Schemes

- There will be an introduction of a number of technical changes to streamline and simplify employee share schemes. These changes will provide more consistency and clarity, particularly for internationally mobile employees. Full details will be finalised in the Finance Bill 2016.

CGT payment window

- From April 2019, a payment on account of any CGT due on the disposal of residential property will be required to be made within 30 days of the completion of the disposal.

Tax credits

- The tax credits income threshold will remain at £6,420 from April 2016 and the tax credits taper will remain at 41% of gross income.
- Universal credit will provide greater up-front support for claimants with disabilities and health conditions from the start of their claim and enable them to be referred to specialists for support from day 1 where appropriate.

b) Pension Tax

- The government is considering responses to the consultation on the system of pensions tax relief. A response will be given at Budget 2016.
- The government will remove the barriers to creating a secondary market for annuities, allowing individuals to sell their annuity income stream. The government will set out further details on this measure, including the framework for the consumer protection package, in its consultation response this December.
- The initial rate of the Single Tier Pension has been announced as being £155.65 per week.
- The government announced an increase in the basic state pension in April 2016 to £119.30 per week.

Council Tax

- The government will provide further flexibility for councils to raise council tax by £5 to raise funds for policing.
- Local councils will have the power to increase social care funding through a new 2% council tax precept.

Section 2 - Home Ownership

- There are plans to double the housing budget from 2018/2019 to deliver 400,000 new affordable homes.
- Of these it is envisaged that there will be 135,000 Help to Buy Shared Ownership homes by 2020/2021.
- The government announced plans to extend the Help to Buy: Equity Loan scheme to 2021 and create a London Help to Buy scheme, offering a 40% equity loan in recognition of the higher housing costs in the capital. This will be available to those able to contribute at least 5% of the property price as a deposit.
- The government will introduce a new 3% surcharge on stamp duty for buy-to-let properties and second homes from April 2016.

Section 3 - Employment and Education

- Since 2010 the headline rate of corporation tax has been cut from 28% to 20% and will fall further, to 18% by the end of Parliament.
- Doubling free childcare from 15 hours to 30 hours a week for working families of 3 and 4 year olds.
- Delivering 3 million high quality apprenticeships by 2020, compared to 2.4 million in the last Parliament, and putting employers in control of funding through a new levy.
- In addition there were announcements about new financial support programmes for a wider range of students which are expected to benefit around 250,000 students.

Section 4 - Income Tax Rates and Allowances

Income Tax Rates

	2015/16 (£)	2016/17 (£)
Basic rate 20%	0 - 31,785	0 – 32,000
Higher rate 40%	31,786 - 150,000	32,001 - 150,000
Additional rate 45%	Over 150,000	Over 150,000
Savings rate (0%)	5,000	5,000

Income Tax Allowances

	2015/16 (£)	2016/17 (£)
Personal Allowance		
Born after 06.04.48	10,600	11,000
Born before 06.04.48	10,600	11,000
Born before 06.04.38	10,660	10,660
Personal Savings Allowance		1,000 basic rate/500 higher rate/0 additional rate
Dividend Allowance		5,000
Married Couple's Allowance		
Born before 6 April 1935	8,355	8,355
Minimum Allowance	3,220	3,220
Marriage Allowance	1,060	1,100
Age Allowance Income Limit	27,700	27,700
Personal Allowance Income Limit	100,000	100,000
Pension Scheme Allowances		
Annual Allowance	40,000	40,000
Lifetime Allowance	1,250,000	1,000,000
Blind Person's Allowance	2,290	2,290
Individual Savings Accounts	15,240	15,240
Junior ISA	4,080	4,080
Child Benefit – 1st child (per week)	20.70	20.70
2nd and subsequent children	13.70	13.70
Working Tax Credit (basic element)	1,960	1,960
Disabled Worker Element	2,970	2,970

Childcare (max for 2 or more children) up to 70% of:	15,600	15,600
Child tax credit (max per child)	2,780	2,780
(family addition)	545	545
(disabled child max)	4,415	4,415

Section 4 - Capital Taxes Rates and Allowances

	2015/16	2016/17
Capital Gains Tax		
Individuals		
Exemption	£11,100	£11,100
Thereafter	18% / 28%	18% / 28%
Trusts		
Exemption	£5,550	£5,550
Thereafter	28%	28%
Inheritance Tax		
Nil Rate Band	£325,000	£325,000
Thereafter	40%	40%
Lower rate (where appropriate charitable gifts)	36%	36%

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HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

The value of the tax benefits described depends on individual circumstances. The tax rules may change in the future. The tax treatment of ISAs could change in the future.

Remember the value of investments and any income from them can fall as well as rise and you may not get back what you invested. For some investments this can happen as a result of exchange rate fluctuations as shares and funds may have an exposure to overseas markets.

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